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TO: **Economic Support Supervisors
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W-2 Agencies**

FROM: Amy Mendel-Clemens
Communications Section
Bureau of Health Care Eligibility

BHCE/BWP OPERATIONS MEMO

No.: 03-58

Date: 09/19/2003

Non W-2 ☐ W-2 ☐ CC ☒

PRIORITY: HIGH

SUBJECT: **CHILD CARE PAYMENT RATE EXCEPTION REQUEST**

CROSS REFERENCE: BHCE/BWP Operations Memo 03-47

EFFECTIVE DATE: Immediately

PURPOSE

This memo describes the policy and process for requesting an exception to a maximum county/tribal child care reimbursement rate.

BACKGROUND

As stated in the "**SPECIAL NOTE**" in BHCE/BWP Operations Memo 03-47, there is a new policy in determining when to include a provider survey when calculating the maximum county/tribal rate. The new policy is that providers must be caring for **at least 25% private pay children** in order for their survey to be included in setting the maximum county rate. In the previous year, the policy was that providers needed to care for at least 10% private pay in order for their survey to be included in setting the maximum rate.

DWD has been informed that this change may distort the results of establishing the maximum county/tribal rates, possibly by artificially limiting the number of providers whose rates are considered in establishing the 75th percentile. While no empirical evidence is available to prove (or disprove) this claim, in the event that a county or tribe believes this to be the case and wishes to request an exception to their new rates, DWD will accept such requests. This memo

describes the procedures for requesting an exception to the rates along with the criteria, which must be met.

POLICY

The request for an exception to change a maximum county rate is intended to allow local child care agencies the opportunity to request a higher maximum county rate than the rate calculated according to the policy and process described in Operations Memo 03-47. Based on the documentation received, the Child Care Section will determine where the maximum county rate will be set. The most that a maximum rate will be increased is up to the current year maximum rate.

TIMELINE TO REQUEST EXCEPTION

Approval of a request for an exception to a maximum rate will be granted by the Department of Workforce Development, Child Care Section. A request for an exception to the maximum rate must be submitted in writing with the Child Care Rates Approval Request to the Child Care Section by October 10, 2003. The Child Care Section will respond to requests for the exception to a maximum county rate in writing by December 5, 2003. There is no form to request an exception to change a maximum rate; the local agency should request the change in a memo and provide documentation showing justification for the change in maximum rate. The required documentation is listed below.

CRITERIA USED TO DETERMINE IF A REQUEST FOR EXCEPTION IS VALID

An exception to the maximum county rate can be requested for either, or both, licensed family or licensed group maximum rates. If the Child Care Section approves a request for a maximum rate change for a licensed family provider, the certified rates will be adjusted according to the new licensed family maximum rate. An exception cannot be requested for the provisionally or regularly certified rate if there is no request for a change in the licensed family maximum rate.

Exceptions will not be granted if the maximum county rate has decreased due to:

- a rate of return of the survey that is less than 80%.
- a lower rate of return of the survey from the previous year.
- a licensed provider closing or lowering their rates and therefore altering the maximum county rate.

In order for an exception to be considered, the child care agency must show and document the following situations:

- The maximum county rate has decreased by at least 5% from the current rate.
- The maximum county rate has decreased due to not including all of the surveyed provider prices because the provider did not meet the requirement of caring for at least 25% private pay.
- The rate will not adequately allow parents reasonable choice of licensed group or licensed family child care providers.

DOCUMENTATION REQUIRED TO SHOW NEED FOR EXCEPTION TO THE CALCULATED RATE

The following documentation should be submitted with the request for exception:

- The calculated maximum rate for next year compared to the current maximum county rate. The new rate must be at least 5% lower than the current rate.
- The percentage rate of return of the provider price survey for the current year and the previous year.
- The total number of provider locations and the combined capacity of providers who did not return the survey who would have been included in the maximum rate calculation (i.e. the providers are open year round, full days and for preschool ages).
- The name, capacity of the center and provider price for each age category for each provider location where the survey was returned but was not included in the rate calculation due to not caring for at least 25% private pay.
- If a provider's price is more than 25% higher than the current maximum county rate, the agency must get verification from the provider that a private pay parent does pay at that price. The verification can be in the form of a center record or a parent receipt. The local agency must indicate the providers whose rates are more than 25% higher than the current rate and were not verified.
- Information regarding providers that have closed or lowered their rates from last year that would have had an impact on the maximum rate calculation. The information should include the provider's capacity for the center and price for each age category.
- The maximum rate calculation following the policy described in Operations Memo 03-47 (excluding the providers who do not care for at least 25% private pay) and a rate calculation that includes the providers who are not caring for 25% private pay children. Both rate calculations should show where the 75th percentile is found.
- The local agency should indicate the rate that they believe would best represent the 75th percentile and allow parents reasonable choice of licensed group or licensed family day care providers.
- Name, email address and phone number of the person who prepared the submittal and who can be contacted if additional information is needed.
- Any other data that would support the request for an exception of the maximum county rate.

Questions can be directed to:

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CONTACTS

BHCE CARES Information & Problem Resolution Center

Email: carpolcc@dhfs.state.wi.us
Telephone: (608) 261-6317 (Option #1)
Fax: (608) 267-2269

Note: Email contacts are preferred. Thank you.

NOTE ➤

DWD/DWS/BDS/RB